Number 18, June 2012

bread for the world INSTITUTE

briefing paper

Exchanging People for Money: Remittances and Repatriation in Central America

by Andrew Wainer

REUTERS/Eliana Aponte

Bread for the World Institute provides policy analysis on hunger and strategies to end it. The Institute educates its network, opinion leaders, policy makers and the public about hunger in the United States and abroad.

www.bread.org

Abstract

Immigrants from Guatemala, El Salvador, and Honduras sent home more than $10 billion in remittances in 2011—almost all of it from the United States. Remittances comprised 17 percent of GDP in Honduras, 16 percent in El Salvador, and 10 percent in Guatemala and they dwarf both foreign direct investment and overseas development assistance. Remittances reduce poverty and help millions of families that receive them obtain food, clothing, education, housing, and health care, but they can also create dependence on the diaspora. Their greatest potential—fueling productive investment that generates jobs and income and reduces immigration pressure—is often untapped.

In addition to the flow of money back to Central America, in recent years the number of immigrants returning from the United States to their home countries has increased. During fiscal year 2011, the United States deported a record 396,906 unauthorized immigrants, including more than 76,000 Central Americans. Central American governments are unprepared for these returned migrants. Many deportees end up re-migrating to the United States because of the lack of opportunities in their native countries.

Key Points

- Part of the $10 billion sent annually in remittances to Central America could be harnessed to support productive projects in migrant-sending communities, but the current lack of a policy framework and technical know-how are barriers. U.S. development agencies are well positioned to facilitate the productive uses of remittances at both the policy and program levels in cooperation with host governments and the private sector.
- According to its own cost estimates, the Department of Homeland Security (DHS) spent approximately $1 billion apprehending, detaining, and deporting 76,000 Central Americans in 2010. Surveys indicate that, partly because of the lack of long-term reintegration assistance, 43 percent of deportees intend to return to the United States within a year. U.S. and Central American observers state that the percentage of return migrants is larger. U.S. development policies in Central America should include programs to help returned migrants support themselves and contribute to economic development in their home countries.

Andrew Wainer is the senior immigration policy analyst for Bread for the World Institute.

Introduction: Crossroads of the Western Hemisphere

Figure 1 "The Northern Triangle"

The movement of people and money between Central and North America dates back at least to the 12th century when maritime Mayan traders transferred obsidian, cotton, and slaves along the Gulf Coast of Mexico.[1] During the 16th century, the Spanish Conquest transformed the isthmus into a key link in a colonial empire stretching from Argentina to California. In the early 20th century, the Panama Canal made Central America the primary shipping link between the Pacific and Atlantic oceans. Today Central America remains a corridor for the movement of people and goods—both legal and illegal. For nations like Panama, this geography contributes to a booming economy and improving socioeconomic indicators. Five percent of all global trade transits the canal, and Panama has one of the fastest growing economies in the world. In 2008, for example, in the midst of a global recession, the Panamanian economy grew by almost 11 percent.[2] Between 2006 and 2010, Panama reduced its poverty rate by 10 percentage points.[3]

But in the "Northern Triangle"[4] nations of Guatemala, Honduras, and El Salvador, geography has been a mixed blessing and made them the target of centuries of foreign intervention (see Figure 1). Unlike Panama and Costa Rica, economic progress in the Northern Triangle has been uneven and poverty rates remain high. To escape poverty, millions of Central Americans have taken advantage of its proximity to the world's largest economy to seek opportunity. These migrations have helped Central Americans feed, clothe, and educate their families. But it's also created a dependency on the diaspora.

The Source of Unauthorized Central American Migration

Unlike people in Africa or South Asia, Central Americans who are unable to meet their material wants at home have the option of migrating to the United States. In recent decades, they have done so by the millions, usually without authorization. According to the Pew Hispanic Center, there were 2.4 million Northern Triangle immigrants in the United States in 2009, comprising about 6 percent of the total U.S. foreign-born population of 38 million.[5] Other estimates place the number of Northern Triangle immigrants at more than 3 million[6] (see Table 1).

Immigrants from this region are more likely than the average U.S. immigrant to be unauthorized. Thus, they are overrepresented among unauthorized immigrants, comprising 15 percent of the total in 2011 (see Table 2).[7] Despite the Northern Triangle's relatively small population (27 million), there are more unauthorized immigrants from this region than from China and India combined, which have a combined population of more than 2.5 billion.[8] Starting around 2006, migration from the Northern Triangle began

Table 1 **Northern Triangle Immigrants in the U.S., 2009[1]**

	Total number of immigrants in the U.S.	Expatriates as a percentage of native population
El Salvador	1,150,000	19%
Guatemala	799,000	6%
Honduras	468,000	6%
Total/Average	2,417,000	10%

Table 2 **Unauthorized Northern Triangle Immigrants in the U.S., 2011**

	Number of unauthorized immigrants[1]	Unauthorized as percentage of total immigrant population[2]	Percentage of total unauthorized population[3]	Percentage change in unauthorized population 2000-2011[4]	Ranking as source of unauthorized immigration to the U.S.
El Salvador	660,000	46%	6%	55%	2nd
Guatemala	520,000	60%	5%	82%	3rd
Honduras	380,000	68%	4%	132%	4th
Total/Average	1,560,000	58%	15%	90%	-----

to drop, falling sharply during the U.S. recession, but migration flows have stabilized since 2009. Over the past decade, immigrants from this region were among the fastest-growing foreign-born populations in the United States — increasing by 90 percent between 2000 and 2011.[9]

Northern Triangle immigration has a variety of causes but is driven primarily by the combination of immigrants' inability to satisfy their economic aspirations in their countries of origin, and conversely, labor opportunities in the United States. The jobs are mostly in construction, maintenance, food service, and agriculture. Migration is also to some degree self-sustaining—as immigrants become established in the United States, they can facilitate migration by family members and others from their home communities.

In spite of a higher socioeconomic status than they had at home, Central American immigrants experience more poverty than the overall U.S. population. In 2009, about a quarter of Honduran and Guatemalan immigrants to the United States lived below the poverty line. Salvadoran immigrants, who are more likely to have authorized status, had an 18 percent poverty rate. All three rates were higher than the general U.S. poverty rate, which was 14 percent (see Table 3).[10]

Part One: Remittances

Weathering Hurricane Stan from Abroad

In October 2005 Hurricane Stan hit Guatemala for days, pouring 20 inches of rain, flooding rivers, and knocking out roads and bridges.[11] Entire villages were buried under torrents of mud and rock that fell down the slopes of mountains and volcanos.[12] The indigenous village of Panabaj, near Lake Atitlán, was so completely inundated that relief efforts were ended several days after the storm—despite the fact that hundreds of residents were still missing. The mayor declared the village a mass grave.[13] The department of San Marcos, which borders Mexico in the country's southwest, was among the most damaged by Stan (see Figure 2). Even before the storm, San Marcos was one of the most impoverished regions of the country: 85 percent of the population lived in poverty, while 62 percent lived in extreme poverty.[14] San Marcos also suffered from economic inequality: 47 percent of the department's land was held by 1 percent of the population, while smallholder producers possessed only 3 percent of the department's total land.[15] These economic realities meant that emigration was a longstanding tradition in San Marcos. So when the storm hit, San Marcos native Isaías had already been living in the United States for three months. While he was in the States, Isaías learned that his father had been killed in a landslide during Stan.

He was desperate to return home, but weighing his economic prospects in the United States and in Guatemala,

Figure 2 **San Marcos, Guatemala**

Table 3 **Socioeconomic Status of Northern Triangle Immigrants, 2009**

	Median individual income[1]	Percentage living below poverty-line[2]	Percentage without high school degree[3]
El Salvador	$19,715	19%	53%
Guatemala	$17,497	26%	55%
Honduras	$16,723	27%	49%
Total U.S.	$28,900	14%	13%

Andrew Wainer

Isaías immigrated twice to the United States to support his family in the department of San Marcos, Guatemala. He worked as a greens-keeper on a golf course in Florida where he learned about large irrigation systems, a skill he has been unable to transfer to his own agricultural production because of a lack of local technology and know-how.

Isaías continued to work as a greens-keeper at a Florida golf course for two more years. By staying in the United States and sending home his earnings, he could provide more for his family than if he went home. He returned to Guatemala in 2008, where he now works the plot of land financed by his work as an immigrant, growing potatoes, beans, and corn.

Migration to the United States helped Isaías and his family economically, but the impact of his years abroad—although important—is limited. As a greens-keeper, Isaías learned how to operate large irrigation systems. He'd like to be able to use this knowledge in Guatemala to grow potatoes on a scale large enough to make money, not just to feed his family. "I learned a lot but there's no possibility to do it here," Isaías said. "There are no resources, machines. The things they have there, they don't have here."

Remittances in the Northern Triangle

Immigrants from Guatemala, El Salvador, and Honduras sent home more than $10 billion in remittances[16] in 2010—almost all of it from the United States.[17] That year remittances were 17 percent of GDP in Honduras, 16 percent in El Salvador, and 10 percent in Guatemala[18] (see Table 4). Remittances dwarf both foreign direct investment and overseas development aid.[19] In 2008 El Salvador received $3.8 billion in remittances, $800 million in foreign direct investment, and $200 million in development assistance.[20] As one Salvadoran analyst put it, "If you took away remittances there would be a major crisis."

Remittances are important at both the macro- and microeconomic levels, but the major socioeconomic impacts of remittances are felt in households, among the families that receive them. Remittances are proven poverty-reducers that help millions of families obtain food, clothing, education, housing, and health care.[21] A 2008 World Bank report found that in Latin America, a 10 percent increase in the remittances-to-GDP ratio resulted in a 3.7 percent decrease in moderate poverty and a 2.9 percent decrease in extreme poverty.[22] The International Fund for Agricultural Development (IFAD) states, "Families receiving remittances are—by virtue of the remittances—no longer among the poorest of the poor."[23]

But in spite of their socioeconomic benefits, remittances have drawbacks. They can facilitate governments' passing the cost of public services—services that the state should be providing—to the diaspora. In Mexico, where remittances total more than in any other country in the Western Hemisphere, research indicates that remittances reduce extreme poverty, but are typically not effective in building livelihoods that lift families completely out of poverty.[24] Perhaps most relevant in terms of migration, remittances reinforce the idea among Central Americans that the United States—not their home countries—is the place to realize one's economic potential.

Remittances and Development

The greatest untapped potential of remittances is perhaps their ability to create the jobs and sources of income in recipient communities that could provide an alternative to unauthorized migration. While remittances are certainly effective in improving recipients' socioeconomic well-being, they are rarely used in productive investment[25] (see Table 5). One barrier to productive investment is that some remittance recipients who would like to invest in small businesses do not know how to do so.

Some analysts and advocates working in Central America with the families of migrants believe that wealth-generating enterprises are beyond the scope of remittances. But development agencies and multilateral organizations that have implemented and studied remittance projects for more than a decade cite their productive potential.[26] U.S. development agencies and the Northern Triangle nations themselves have not prioritized productive uses for remittances in the Northern Triangle even though it's the largest source of unauthorized immigration to the United States after Mexico.

Although they are more engaged than bilateral agencies, multilateral banks and institutions have also invested little in productive remittance projects in the Northern Triangle as compared to other regions. IFAD is one of the few agencies that have worked on productive development of remittances in the region, but today it directs just 11 percent of its $20 million fund for global remittance project investment to Latin America.[27] The Inter-American Development Bank (IDB) has spent more than a decade on remittance projects targeting productive development in Latin America, but few of these projects are aimed at the Northern Triangle-United States migration

Table 4 **Remittances in the Northern Triangle**

Country	Remittances in 2011[1]	Foreign direct investment 2010[2]	ODA in 2010[3]	Remittances as a percentage of GDP 2009[4]	Ratio of remittances to FDI 2009[5]	Size of remittances as a % of ODA, 2009[6]
El Salvador	$3.7	$0.08	$0.3	19%	2.4	4,211.6
Guatemala	$4.5	$0.7	$0.4	10%	5.9	945.6
Honduras	$2.9	$0.9	$0.6	15%	3.2	565.4

Note: All money amounts in billions of US dollars

Table 5 **Household Use of Remittances**

Country	Average amount sent per month[1]	Percentage of families that receive remittances	Percentage of remittances saved or spent on a business or agriculture	Percentage of remittances spent on consumption
El Salvador	$339	22%[2]	6.1%[3]	80.5%[4]
Guatemala	$363	30%[5]	18.3%[6]	49.4%[7]
Honduras	$225	32%[8]	8.2%[9]	8.2%[10]

corridor.[28] Using remittances for economic development in migrants' countries of origin is not an easy or simple proposition, but it deserves more exploration by policymakers and practitioners. The development community can play a role assisting the diaspora and remittance receiving communities organize and implement "collective remittance" investments and provide alternative uses for individual recipients.

Veteran staff of some foreign assistance organizations working in Central America are skeptical about remittances' current impact. "Some NGOs have decided that they flat-out can't work in areas with high remittance flows because people don't want to do anything productive," said Catholic Relief Services (CRS) El Salvador Country Representative Erica Dahl-Bredine. "People don't want to do anything except receive remittances." This perspective is shared–to an extent—by some Central American nongovernmental organizations and analysts. Enrique Merlos, a program coordinator with the Salvadoran organization FUNDE, said that currently, remittances are limited to helping the families of migrants survive. "It's not creating economic impacts," Merlos said. "It's not creating jobs or increasing incomes." Merlos said there was a dearth of both collective and individual remittance wealth-generating projects. He said that the amount of remittances invested into sustainable enterprises is small "due to the lack of mechanisms and policies...If I [a remittance recipient] am not conscious of how to invest I'll just buy things. There needs to be training and programs for productive investment."

Even in El Salvador, which has the largest and best-organized Central American diaspora, government-supported efforts to channel remittances to productive investment are rare. The Salvadoran government has a long history of working with the diaspora on projects like roads and schools, but they have not been as engaged in projects that generate income and jobs. The most recent administration, which took power in El Salvador in 2009, states that it wants to provide potential migrants with alternatives to migration. But on the ground, change has been slow. "There is no government... policy," Merlos said. "Only very small projects."

The governments of Guatemala and Honduras are even less involved in working with migrants and their families. "There is no administrative capacity" in San Marcos, said Guatemala Catholic Church leader Enrique González. "[We] need training, orientation on economic issues, sustainability, how to capitalize." González said that most migrants in his community leave the country without finishing high school. In the United States they may earn and save money, but they often don't know how to use it for the long term. "When they come back...they lack an academic formation," González said. "They just go looking for money but they lack other important elements." In short, in spite of their formidable volume, remittances have not changed the socioeconomic conditions that caused millions of young Central Americans to leave their countries to seek opportunity abroad, usually without authorization.

"The Northern Triangle"

The Northern Triangle is one of the poorest regions in the Western Hemisphere—the economic growth other Latin American economies experienced during the 2000s largely bypassed these countries (see Table 6). According to the

Table 6 **Northern Triangle Economic Growth and Poverty**

	Annual GDP growth 2010[1]	GDP per capita 2010[2]	Poverty rate 2009[3]	2011 Human Development Index ranking of 187 nations[4]
El Salvador	1.4%	$3,426	38%	105
Guatemala	2.8%	$2,862	51%	131
Honduras	2.8%	$2,026	59%	121
United States	3.0%	$47,199	15%*	4

*The U.S poverty rate is for 2010 and uses a different measure than the other nations in this table which are from the World Bank. In 2010 the poverty line for a family of four was $22,314.

World Bank, all three Northern Triangle nations are lower middle-income countries. El Salvador, Guatemala, and Honduras are also, respectively, the second, third, and fourth largest countries of origin of unauthorized immigrants in the United States[29] (see Table 7).

El Salvador is the wealthiest of the three nations, with a per-capita income of $3,426. Although it reduced poverty during the 1990s in the aftermath of its civil war, which ended in 1992, El Salvador's economy stalled during the 2000s and was hit hard by the 2008 recession—due in large part to its reliance on the U.S. economy. Poverty now stands at about 38 percent of the population, roughly the same level as in 2000.[30]

Guatemala, as Central America's most populous nation and its undisputed cultural capital, exemplifies the region's socioeconomic injustices. Guatemala has a per-capita income of $2,862, and 51 percent of its population lives in poverty. But the poverty rate—as dire as it is—doesn't adequately describe the level of degradation facing broad swaths of the population.[31]

In recent decades, there have been few countries in the world, and certainly no others in the Western Hemisphere, that have lost as much ground to hunger and malnutrition as Guatemala. Between 1990 and 2008, the number of malnourished Guatemalans *increased* from 1.4 million to 2.9 million. That is an increase of 113 percent. During the same period, Latin America as a whole lowered its number of malnourished people by 17 percent.[32] In 2007, UNICEF reported that Guatemala had the fourth-highest percentage of chronically malnourished girls and boys in the world and the highest in Latin America. Nearly half of Guatemalan children under age 5 are malnourished.[33] The 2011 Human Development Index (HDI) ranked Guatemala at 131 out of 187 nations, between Morocco (130) and Iraq (132). In the Western Hemisphere, only Haiti had a lower HDI ranking.[34]

Table 7 **Northern Triangle Education and Citizen Security**

	Population 2010[1]	Average years of schooling 2011[2]	2010 homicide rate per 100,000 inhabitants[3]
El Salvador	6,192,993	7.4	66.0
Guatemala	14,388,929	4.0	41.4
Honduras	7,600,524	6.4	82.1
United States	309,050,816	12.4	5*

*U.S. homicide rate for 2009.

Honduras is the poorest of the Northern Triangle nations, with a per-capita GDP of $2,026 and 60 percent of its population living in poverty. In a region characterized by low levels of political legitimacy and respect for the rule of law, Honduras is perhaps the least politically stable of the three nations. It is still recovering from a 2009 military coup d'état.[35]

Challenges to the Productive Investment of Remittances

(Dis)Enabling Investment Environment

All three Northern Triangle nations score below average on the World Bank's "Ease of Doing Business Index."[36] For unauthorized migrants, who tend to come from families with lower socioeconomic status, the barriers to entrepreneurship are even larger.[37] With corruption, extortion, and a generally shaky environment for the rule of law, returned migrants and remittance recipients are hesitant to invest their foreign earnings in wealth-generating enterprises. The general economic challenges these countries face, including a large informal sector and a lack of access to financial services make any attempt at business-creation daunting. "They don't trust the system," said Borys Chinchilla, former Guatemala country director for Mercy Corps. "That's why we are losing a lot of potential to do something bigger."

Crime and violence, particularly in the rural areas where most immigrants originate, further discourage economic investment. "The security of the countryside affects migrants directly," said Delbert Field, Guatemala chief of mission for the International Organization for Migration. "If you have someone abroad, you suffer more from extortion. You have to do what consumption you have with very low visibility." Valdette Wileman, a Scalabrini nun who works with returned migrants in Honduras, also said that crime and extortion were disincentives to investing. "If they [remittance recipients] create a business they have to pay a 'tax,'" Wileman said. "So they prefer to spend the money."

Even those motivated to try to overcome such barriers and invest in a small business or agricultural enterprise have few models of success. "There are various examples of people who have come back from the United States with a lot of capital to create a business and after a couple years it fails and they go back," said Rolando Ovalle Barrios, mayor of Salcajá, Guatemala. Salcajá has a diaspora in Trenton, New Jersey, among other U.S. localities. "They are not prepared, they haven't studied the market. In a few years the capital disappears."

Vincent Ruddy of the U.S. Millennium Challenge Corporation (MCC)—which is finishing a five-year, $460 million development program in El Salvador in 2012—said people seeking to invest remittances in El Salvador confront problems similar to those in other developing nations. "One of the typical problems you see... is often just a low capacity to identify business opportunities and develop bankable projects," Ruddy said. "The businesses are sort of limited to very ad-hoc things by family and friends. They really don't have the capacity to formalize things, which is what you need to do if you want to start institutionalizing things in a more significant way into productive investment. That stands as a big challenge."

Consumerism and Survival

Analysts also cite a "culture of consumerism" that has taken hold in areas affected by migration to the United States, even remote rural settings (see Table 4 above). If the local economy does not offer productive channels for investment, then remittances will be spent in other ways. Remittance usage can lead to conflicts between the migrants who send money and their families at home that spend it. "There's an awful lot of frustration that it's really difficult to work with those communities that for 20 years now have been receiving remittances and [engaging in] a lot of conspicuous consumption," said CRS' Erica Dahl-Bredine. "[Some remittance recipients have] really nice houses, some of which don't even have latrines or running water."

Observers state that low levels of formal education and the ubiquity of consumer advertising also reduce the potential for productive investment. "Part of the problem is self-esteem," said Guatemalan remittances analyst Sonia Maria Pellecer. "People don't have the ideas. The population doesn't have a lot of education." For a variety of reasons, the notion of investing isn't even "on the radar" of many remittance recipients—while the incentive to spend on consumer goods is ubiquitous. "They don't use remittances for anything that's going to help them in the long term, only for their immediate needs," said Linda Fortin of the Honduran Association of Banks, which works with immigrants and their families on remittance investment.

Although there is evidence of remittances being used for conspicous consumption, they are typically used for survival. Research indicates that a majority of remittance recipients use the money for necessities like food and clothes. In El Salvador, one study found that 81 percent of remittances were spent on food and utilities (see Table 4 above).[38] "In a country with so much poverty, the first thing people want to do is buy things they never had," said Lizette Montoya, who works with the Irish Catholic aid agency Trocaire in Honduras. "There's no consciousness...to say 'OK, I'm going to invest this in something productive."

In 2010, Northern Triangle immigrants sent home average amounts that ranged from $225 to $363 per month (see Table 4). With so many unmet basic needs and a limited amount of remittance funding, there is not much money left for long-term income generation projects. "They don't spend it superfluously," said Honduran immigrant organizer Malvia Rivas. "[They spend it] on children's education, on health, on housing, on things that their family needs, on medicine." Although it is difficult to measure which is the larger obstacle, both poverty and consumerism are clearly barriers to the productive investment of remittances in the region.

"The question is: Is it allowing people to invest in activities in things that will be sustainable?" CRS' Erica Dahl-Bredine said. "I think the evidence is pretty limited." For its part, MCC El Salvador is aware of the limitations on how much remittance money can be channeled to income-generating or job-generating activities. "It's really tough when you don't have the conditions that are appropriate for investment," said Vincent Ruddy, MCC country representative for El Salvador. "Most people are just sending money back trying to help their families survive."

But if the Northern Triangle nations provided basic services to its citizens, remittances could be invested differently. "The books that the country ought to be providing for your kids you're able to provide because you've got someone living abroad," one analyst in Guatemala said. "The health care that you are providing for your wife, and that the government is not providing, you are able to provide because of remittances." As the World Bank states, "It is best to think of migration and remittance practices as the outcomes of the failure of national economic policy to address public needs."

The Policy of No Policy

Central American countries' stance on migration and development has been comparable to that of Mexico during the 1970s and 1980s—a posture that has been called "the policy of no policy." This stance allowed Mexico to "reap the economic benefits of emigration without having to acknowledge its development failures."[39] In 2011, U.S. development agencies invested a total of about $243 million in foreign assistance in the three Northern Triangle countries.[40] There is an opportunity to begin to measure the impact of U.S. economic development projects on these migration-intense, high-poverty nations and explore how the $10 billion in remittances might be better used to provide jobs and income in these communities.

There is major research on the role of remittances in financial inclusion and social investment in churches, clinics, roads, and education, and a number of projects are being implemented in these areas.[41] But programs to facilitate investing remittances in small businesses and agricultural enterprises in Central America are much less common. A 2005 report on remittances in Guatemala, submitted to USAID by Chemonics International, Inc., stated, "Although a number of donor institutions consider the migration-development nexus important—and see remittances at the intersection—there is currently no foreign assistance to implement any program of this nature in Guatemala."[42] Seven years later, USAID-supported remittance projects focusing on productive investment in the region are still rare.

Among U.S. development agencies, the Inter-American Foundation (IAF)[43] is in the vanguard when it comes to recognizing the links between migration and development in the Northern Triangle. The IAF is already working specifically on linking the diaspora to productive development projects, and is planning to integrate migration into program evaluations in countries such as El Salvador. The Millennium Challenge Corporation (MCC), which finished a $205 million four-year compact in Honduras in 2010 and is finishing its compact in El Salvador in 2012, also recognizes the link between migration and development, but it has yet to integrate migration into compacts in the region. "It wasn't one of our specific purposes...but...we'd like to find a way to establish a foundation for people to stay in their homelands," said MCC El Salvador deputy resident country director Kenneth Miller. MCC El Salvador country representative Vincent Ruddy said that although remittances are not an official part of the MCC compact in El Salvador, they are a de facto part of the development landscape because of MCC's work with small- and medium-size farmers. "Our compact...is already leveraging remittances," Ruddy said. "A good portion of those investments [by farmers they work with] in [higher value crops or horticulture crops] are being financed by remittances."

USAID's engagement with the migration/development connection and the creation of alternative uses for remittances in Central America is limited. One USAID official said, "At this point, our activities are ad hoc. Working with diasporas is like climate change 15 years ago—consciousness needs to be built up." USAID does, however, state the importance of diasporas in development on its website: "Although diaspora community engagement with home countries is substantial, the developmental potential for this group remains largely untapped. USAID recognizes that by not engaging with this community, we are missing out on an opportunity to increase our development impact significantly."[44] USAID has also hosted a series of diaspora conferences in the United States and shown increasing interest in this component of development. But as yet, there has not been a significant translation of research and dialogue with diaspora communities into diaspora-focused productive development projects in Central America.

Most of USAID's diaspora-focused economic development programs are part of its African Diaspora Marketplace program. This initiative links U.S.-based African diaspora entrepreneurs with businesses in Africa, with the goal of generating economic growth and employment.[45] USAID has not taken this approach in Central America, even though the Central American diaspora in the United States is about twice as large as the African diaspora.[46] But USAID's engagement with the U.S. Latin American diaspora may be changing (see *New Ideas* below).

"No Country Likes to Lose Its People"

At a September 2011 event on migration and remittances convened at the Brookings Institution in Washington, DC, Pablo Rodas, Chief Economist at the Central American Bank for Economic Integration, said, "No country likes to lose its people."[47] But Northern Triangle governments and U.S development agencies could do more to help provide alternatives to unauthorized migration and to reintegrate returned migrants. "The assumption here is—and it's probably the same in the other Triangle states—is that the country needs this kind of [unauthorized] migration," one analyst

Andrew Wainer

A woman feeds chickens as part of a diaspora investment project in Verapaz, El Salvador. The project includes support from the Ford Foundation, the Los Angeles, California Salvadoran diaspora, and local NGOs and government agencies. The goal is to provide alternatives to unauthorized migration in the climate vulnerable region.

in Guatemala said. "There's an acceptance of irregular migration being fundamental to the economy." Central American analysts generally agree. "[The Guatemalan state] hasn't seen with clarity the links between rural development and migration," said Álvaro Caballeros of Rafael Landívar University in Guatemala City.

Some see a deliberate strategy by Northern Triangle elites of "exporting people" for development in the absence of other sources of foreign exchange (U.S. dollars). "As primary export prices decline, and non-traditional agricultural exports and assembly production fail to fulfill their promise...exporting people has become an increasingly viable strategy to recruit foreign exchange, reduce poverty, and inject new capital into the financial sector," economist Sarah Gammage wrote about El Salvador in 2005. Gammage states that the policies promoting unauthorized migration and increasing the volume of remittances reduced poverty—at least during the 1990s—but they also "do not acknowledge the enormous human, social, and economic costs of migration."[48]

Enrique Merlos of FUNDE in El Salvador said that although there is more government engagement with remittances in his country, there are still few productive projects. "The diaspora has only been seen as a source of money," Merlos said. "This...has limited the government's ability to take advantage of [their] potential. They could create a fund to [work with] migrants where both groups invest in development projects. [But] there hasn't been interest here."

Historically, the Salvadoran government has been in the vanguard in engaging the diaspora. In the late 1990s, the government updated state institutions to channel remittances to development. But these efforts have been almost exclusively for infrastructure projects, such as schools, recreation facilities, and health centers, that don't provide long-term private-sector employment. There have also been projects supported by the Salvadoran government, U.S. NGOs, and USAID that help remittance recipients purchase homes.[49] All these projects have the potential to improve community well-being—the problem is that none of them engage the main reason millions of Salvadorans leave the country: the lack of labor opportunities.[50] In Guatemala, the largest recipient of remittances in the Northern Triangle, the government is even less engaged. "There are no state policies on how to educate people on the good use of remittances," said Pedro Pop Barillas, executive director of the Guatemalan development organization FUNSALI. "But there are many banks that have commercials on how you should use their banks to receive remittances."

A Golden Egg?

A possible example of the potential for productive remittance projects in the Northern Triangle lies in a chicken coop in Verapaz, El Salvador, about 30 miles east of the capital city of San Salvador (see Figure 3). Here in the Valle del Jiboa (Jiboa Valley), a partnership that brings together the Salvadoran government, the Ford Foundation, the Salvadoran diaspora in Los Angeles, and the Salvadoran NGO FUNDE is supporting an economic development project with an uncommon design: using remittances specifically to generate employment and provide alternatives to unauthorized migration.

Figure 3 **San Vicente, El Salvador**

The project is a small work in progress. But its partnerships and explicit use of remittances for productive investment make it worth consideration by U.S. development policymakers and practitioners. One of the most important aspects of the project is the fact that it started with the Salvadoran diaspora in the United States—initiated by the interest of people from the diaspora in supporting projects to stimulate the rural economy. "The migrants are critical of [remittances being used only for consumption]," said Enrique Merlos of FUNDE. "They work two jobs, three jobs, four jobs [in the United States]...They are tired that the money they send isn't having any economic impact."

The Los Angeles diaspora organization that is supporting the project—the Emergency Committee for Aid to El Salvador (known by its Spanish acronym, CEAES)—was inspired to help victims of Tropical Storm Ida, which hit Central America in November 2009. The Jiboa Valley was one of the hardest-hit regions of the country.[51] The Salvadoran Ministry of Foreign Affairs and FUNDE facilitated the diaspora group's assistance to this poor, high-migration, and climate-vulnerable region. The project began in 2010 with the participation of the local government and the Ministry of Agriculture. The project is managed by 15 women from Verapaz who maintain the chicken coop; gather, clean, and package the eggs; and sell them at a local market. Participants said the eggs generate about $44 a day, or $1,300 a month. They earned a small profit in 2011, but in order to make the project sustainable for all 15 participants it needs to expand. Given El Salvador's average per-capita monthly income of $282 in 2010,[52] the proposal for the second phase states that in order to provide an alternative to unauthorized immigration, the project needs to enable each participant to earn at least $300 monthly.

This is not the only project of its kind in El Salvador. Diaspora groups and individuals have invested in a few other projects aimed at producing jobs and income. But the Salvadoran government and major U.S. development agencies are usually not involved with their creation and operation. Former Salvadoran-American Chamber of Commerce President Elmer Arias, who came to the United States in 1980 when he was 19, has been supporting diaspora investment in his native country for decades. Today his Virginia-based NGO is working with the Inter-American Foundation (IAF) and to promote productive agricultural projects. Half of the project funds come from the IAF, 20 percent from the diaspora, and 20 percent from the community. Arias is working to raise 10 percent from the private sector. This model for financing development in Central America could be supported at a much higher level in partnerships with U.S. development agencies.

The Northern Triangle nations will need to design their own alternative uses of remittances, but neighboring Mexico offers an example of how remittances might be used for productive investment. Mexican government programs that match immigrant remittances with government funds for social development have a long history with a mixed record of success. Particularly relevant to the Northern Triangle environment is an effort called the 4X1 program, which leverages investments from people in the diaspora with matching funds from the Mexican government and Western Union. The project is explicitly aimed at engaging the diaspora, the host country government, and the private sector to promote local economic growth and support the creation of jobs to reduce the need for unauthorized migration.[53] An evaluation of the program found that it "spurred employment and generated commerce...where the investment took place...but did not establish a foundation for sustainability." The evaluators found that one of the major missing components for sustainability was technical assistance. This is a gap that could be filled by a U.S. development agency if it was brought in as a partner working in cooperation with local governments and NGOs.[54]

The increased use of remittances for productive investment projects is not a panacea for the Northern Triangle's socioeconomic problems, but it could be a more effective *part* of the solution. Northern Triangle governments lack a policy framework to maximize the impact of their own resources by combining them with remittances into productive investments. As mentioned earlier, recipients who want to invest in businesses and agricultural production often don't know how to do so. U.S. development assistance could help build capacity and a policy environment that emphasizes productive channels for remittances. The discussions surrounding potential renewal of the MCC compacts in El Salvador and Honduras come at an opportune time to consider the possible inclusion of remittances in development plans. The Feed the Future programs in Guatemala and Honduras could also formally include alternative uses of remittances in their rural development plans.

New Ideas

For U.S. development agencies, the main challenge related to remittances is still how to convert analysis and dialogue in the United States to on-the-ground programs in immigrants' countries of origin. This process may be starting, however. In late 2011, the U.S. State Department, the Inter-American Development Bank, the Overseas Private Investment Corporation, and other organizations announced funding for a competition, the "Latino American Idea," to foster "collaboration between entrepreneurs in the United States and Latin America with the goal of expanding innovative businesses that will generate employment and economic growth."[55] The initiative's website states that the competition will launch in mid-2012, with awards to be granted in November 2012, but also indicates that the Latino American Idea continues to seek financial support from public and private partners. Furthermore, in July 2012, USAID and the State Department will host the second Global Diaspora Forum, which provides another opportunity to emphasize the importance of using remittances productively and explore ideas for doing this.

Researchers have been studying issues related to remittances for years, but now there is a new contour to the broader dynamic of Central American workers going north and their earnings returning south. Northern Triangle immigrants themselves are now being returned south in increasing numbers. Between 2002 and 2010 the number of Northern Triangle deportees from the United States increased by almost 500 percent.[56] These deportations result in declining remittances, since as immigrants are deported, fewer people remain to send money home.[57] The increasing number of deportations also strain Central American nations that are largely unprepared to reintegrate tens of thousands of returned migrants every year.

Table 8 **Number of Removals* from the United States and Mexico to the Northern Triangle, 2011**

	Number of FY 2011 involuntary removals from the United States[1]	Percentage of all FY 2011 United States involuntary removals for FY 2011[2]	Number of removals from Mexico 2011[3]	Total number of returnees for 2011‡
Guatemala	33,324	8	31,042	64,366
Honduras	23,822	6	18,746	42,586
El Salvador	18,870	5	8,809	27,679
Total	76,016	19	58,597	134,631

* "Removals" is a term used by the Department of Homeland Security and is similar to the more commonly used "deportation."

‡ Includes involuntary removals from the United States and Mexico. Total numbers are an approximation because Mexico and the United States use different time measures for number of removals (calendar year versus fiscal year).

Part 2: Repatriation

The socioeconomic disadvantages of living and working as an unauthorized immigrant in the United States have been shouldered by Central American newcomers for decades, but migrants continued to travel north. Today, however, unauthorized residents face new obstacles.

During fiscal year 2011, the U.S. Immigration and Customs Enforcement's (ICE) Office of Enforcement and Removal Operations removed[58] 396,906 unauthorized immigrants from the United States—the largest number in the agency's modern history.[59] Guatemala was the destination of the largest number of air repatriations of any country in the world (Mexico had more total repatriations, but many deportees are sent back by land since there is an extended border with the United States).

Under the Obama administration, deportations (or "removals" as they are termed by the Department of Homeland Security), have increased by 30 percent annually compared to the administration of President George W. Bush.[60] After Mexico, which had 73 percent of all deportees in 2010, the next largest sending countries of deportees were the Northern Triangle nations: Guatemala, Honduras, and El Salvador combined were the destinations of 19 percent of all deportees.[61] In 2011 there were 76,000 deportees from the United States to the Northern Triangle.[62] But many other would-be immigrants didn't even make it to the United States, since Mexico deports Central American migrants apprehended in transit to the United States with increasing frequency. In 2011, Mexico repatriated almost 58,600 Northern Triangle migrants (see Tables 8 and 9).[63]

Rough Landing

Returnees' journeys back to their country of origin are typically more organized and safe than their travel north. From the United States they are flown to their home country on "ICE Air"—an airline contractor hired by the Department of Homeland Security (DHS) to return deportees to their native country. Likewise, returnees apprehended in Mexico are sent back by bus to the Northern Triangle, courtesy of the Mexican government. DHS Guatemala Country Attaché Angel L. Ortiz said the deportations are conducted humanely. "You are better off than flying [a commercial airline]; they get food on the plane," Ortiz said. "The repatriation model we have in Guatemala is the example we try to replicate everywhere else [in the world]." But the process ends when the plane lands in Central America. "By law our process stops once these Guatemalans step foot in Guatemala," Ortiz said.

When the U.S.-run process stops, there's almost no one and nothing to continue the reintegration process. Many returnees have been out of Guatemala for years; some don't speak Spanish. "Most of them [returnees] don't have a clue

Table 9 **Number of Removals from the United States and Mexico to the Northern Triangle (2008-2010)**

	Total number of removals from Mexico (2008-2011[1])	Total number of deportees from the United States (2008-2011[2])	Total number of removals (2008-2011[3])
Guatemala	129,741	119,890	249,631
Honduras	94,262	104,611	198,873
El Salvador	42,266	79,578	121,844
Total	266,269	304,079	570,348

about what they are going to do with their lives," Ortiz said. As Ortiz' comments indicate, the U.S. government is aware of the long-term reintegration problems facing Northern Triangle deportees who return home to nations with few jobs and high rates of poverty and violence. The existing program in Guatemala—the Guatemalan Repatriates Project—provides immediate assistance free of charge: hygiene supplies, phone calls to family, and either a bus ticket to their home town or a stay at a migrant shelter. The program is funded by USAID and operated by the International Organization for Migration. It has a tent inside the Guatemala City airport, as do NGOs that provide services to returnees. Since the Repatriates Project was launched in June 2011, it has provided basic communication and health services, transportation, and shelter to about 23,000 Guatemalan returnees. Another goal of the program is to help returnees find jobs. But it is not as successful at providing this long-term integration assistance—so far, only four returnees have found jobs through the program.

Experts say that, with scarce opportunities for reintegration and work, most deportees intend to return to the United States. According to a 2010 survey conducted by IOM in Guatemala, 68 percent of all returnees were forcibly returned (deported) and, of these, 43 percent said they intended to return to the United States within 12 months.[64] On-the-ground professionals like IOM's Delbert Field said that in Guatemala, more than half return. "If you see the operation at the airport and also at the land borders, the coyotes are waiting at the door to get them back up to Mexico," Field said. "They are literally ready to ferry them back up. Even on some of the [deportation] flights you can tell there are people ready to step into that role the moment they get out of the airport. People who come off the flight, their cohorts are waiting right outside the door at the airport. [On land borders] they pose as money changers right outside the migration office."

Sister Valdette Wileman, who leads the Center for the Returned Migrant in Honduras with the support of the Honduran government, the Catholic Church, and the U.S. embassy, said that almost all of the returnees she works with plan to go back. "They have a lot of shame of having failed," Valdette said. "Their goal was to send money here from the United States." Interviews with Honduran deportees in January 2011 revealed little appetite for settling down at home. A returnee who had worked as a mechanic and welder in Florida said, "As an immigrant the idea doesn't go away. I'm going to spend some time with my family here and then go back." Not surprisingly, when family is left behind in the United States, the desire to cross the border again is even stronger. "I'm not leaving my family alone there," one returnee said.

El Salvador has a similar program for returnees; the "Welcome Home" program was initiated by Catholic Relief Services and then transferred to the Salvadoran government. Like the programs in Guatemala and Honduras, "Welcome Home" provides returnees with basic, immediate services but has no effective plan for long-term reintegration of deportees. "No one is doing [reintegration] in any organized way," said CRS El Salvador's Erica Dahl-Bredine. With so many other socioeconomic problems, Northern Triangle governments simply do not offer long-term assistance. U.S. program budgets are also limited, but there may be an opportunity for an expanded reintegration program. "If we find the right NGO to work with, I don't see why we couldn't expand that program," DHS' Ortiz said.

Table 10 **Northern Triangle Deportees Removed on Criminal Grounds, 2010***

	Total number deported in 2010	Percent removed on criminal grounds
El Salvador	**1,150,000**	**19%**
Guatemala	**799,000**	**6%**
Honduras	**468,000**	**6%**

* Criminal deportees have been convicted of a crime in the United States that makes one eligible for deportation under the Immigration and Nationality Act. Not all individuals who have been deported on criminal grounds are gang members or violent criminals. Low level drug convictions and some non-violent offenses may result in a removal on criminal grounds. Non-criminal deportees have been removed because of a status violation (e.g. being in the country illegally or working without authorization).

Some deportees have criminal backgrounds and would likely pose difficulties for their home governments under any circumstance. Part of this problem can be addressed through better information sharing between ICE and local security agencies on deportees with criminal histories.[65] But this is only part of the reintegration problem—most Central American deportees are not criminals (see Table 10).

The Cost of Deportation

In his January 2011 testimony before the U.S. House Subcommittee on Immigration Policy and Enforcement, ICE Deputy Director Kumar Kibble said that it costs $12,500 to "arrest, detain, and remove an individual from the United States."[66] Although this is certainly an average cost that depends on many variables, calculations using this figure indicate that the U.S government spent $950 million to apprehend and remove 76,016 Northern Triangle migrants in 2011 (see Table 10). Since these are repatriations by air rather than by land, the cost may be even higher. While the primary responsibility for providing long-term reintegration assistance rests with the deportees' countries of origin, ICE spending on removals is wasted if large percentages of deportees return to the United States after deportation. For deportees to build new lives in their home countries, they need more long-term reintegration assistance.

One of the major barriers to reintegration is the attitude of Northern Triangle societies to returnees. "They don't have a chance," Sister Valdette Wileman said. "First of all, Honduran society doesn't accept the deportees. Most people think that the deportees are criminals." Cecelia Ramirez, who started a program for returnees with Catholic Relief Services in El Salvador, said that people who have been deported—some of whom left their native country as children—experience reverse culture shock upon return. "Sometimes they deport people that have been in the United States for 25 years," Ramirez said. "The country [El Salvador] has changed so much." Honduran and Guatemalan returnees experience similar vertigo. "Those that come back are not American but they're also not [Guatemalan]," Guatemalan analyst Pedro Pop Barillas said. "They're a hybrid."

Many returnees left before completing their studies in their homeland and immediately began working in the United States. Ironically, this means that they may both lack the educational qualifications to find jobs *and*, at the same time, be unable to use the skills they learned working in the United States. "There are many people that worked there [in the U.S.] for 20 years, 15 years [in building trades] with technology they don't even have here," said Jorge Pineda, who works for the Salvadoran government's migrant return program. Pineda also said that coyotes usually give migrants two or three opportunities to cross into the United States if they are caught and deported. He said it costs Salvadoran immigrants about $6,000 to illegally enter the United States, half of it to be paid upon arrival. Therefore there are incentives for both the coyotes and the migrants to try again to reach the United States, particularly if migrants cannot find opportunity back home. "The great majority of people try to return," Pineda said. "People always have the hope to get there and reach their dream."

The Migrant's Friend

Like productive investment of remittances, long-term reintegration programs for Northern Triangle returnees are rare. But also like remittances, there are incipient public-private partnerships seeking to provide returnees with alternatives to additional unauthorized journeys to the United States. In 2011 the Honduran Association of Banking Institutions (known by its Spanish acronym, AHIBA) created a program called "Friend of the Migrant" aimed at providing training and education to returnees. "We want them to stay here and use everything that they learned in the United States...as micro-entrepreneur so that they can generate jobs for others too," said Liana Fortin of AHIBA.

AHIBA is partnering with the Honduran National Institute of Professional Training (known by its Spanish acronym, INFOP) to offer training in auto mechanics, hospitality, carpentry, electrician skills, English, computer skills, and customer service. All courses will be taught to returnees with the explicit goal of helping them find work in their home country so they do not have to re-migrate to the United States. Fortin said the goal is to support small business creation. "We want to teach them the entrepreneurs' mentality," she said. The courses will be taught at INFOP and funded by AHIBA. The agreement between AHIBA and INFOP was signed in May 2012 and is still untested. But it is notable for its recognition of the long-term problems facing returnees and the economic potential they bring home with them because of skills they learned as workers in the United States.

iStock/John Moore

An Immigration and Customs Enforcement (ICE) officer prepares an undocumented Salvadoran immigrant for a deportation flight bound for San Salvador on December 8, 2010 in Mesa, Arizona.

Settling Down

Without provisions for reintegration, Northern Triangle returnees face difficult futures. Some returned migrants "end up in the street," IOM Guatemala attorney Susie Mendia said. But there are options for long-term reintegration of returnees. Although it is not yet

Andrew Wainer

This small farmer in the high-migration department of Morazán in El Salvador is working with the Millennium Challenge Corporation to increase his agricultural production through improved irrigation and other techniques.

an official part of the compact, the MCC's work with small and medium farmers has effectively provided opportunity to deportees who return to the regions where the MCC is working. Oscar Armando González lived in the United States for 10 years before he was deported back to El Salvador in 2010. "The first months you feel sad because there you earned more and you could help your family [with remittances]," González said. But through a farmers' association working with the MCC in the northeastern department of Morazán, González is settling back into a life growing tomatoes, cucumbers, and chiles.

Although he misses the wages he was making in the United States and his ability to send money back home, González has found that there are advantages he didn't possess as an unauthorized immigrant in the United States: proximity to his children and parents, and the ease with which he can live and work in El Salvador. "You have fun working here," González said. "There when you don't have papers at any moment they can knock on your door looking for you." His siblings in the United States are still sending money, and González said he is using some of it to make his plot of land more productive using the irrigation techniques he learned through the MCC. González said that he now doesn't want to go back to the United States. "I've adapted to working here," he said. "We are going to try to start a new life."

Conclusion

The United States has multiple development programs in the Northern Triangle: Honduras and El Salvador received Millennium Challenge Compacts—both expected to be renewed in 2012—while Guatemala and Honduras are two of the 20 Feed the Future focus countries, the U.S. government's primary global food security program (see Table 11 on next page). In November 2011, it was also announced that El Salvador would be one of only four nations worldwide to participate in the State Department's Partnership for Growth, intended to "accelerate and sustain broad-based economic growth."[67] No major U.S. development program explicitly includes migration measures in these high-intensity unauthorized migration nations. This is a missed opportunity that incurs costs to migrants, their families left behind, and the effectiveness of U.S. immigration policy.

The economic causes of migration could be *explicitly* addressed by host governments, development agencies, and multilateral institutions. Migration variables could be *explicitly* measured and integrated into development programming in the region. Migration from Central America to the United States will continue, but ideally it will become a *choice* conducted through legal means that are more efficient, humane, and beneficial to migrants, the host country, and the countries of origin. As Enrique Merlos of FUNDE said, "We want people who go abroad to do so because they want to, not because they have to."

Recommendations

Remittances

Measurement and Evaluation: In nations with migration levels as intensive as the Northern Triangle, U.S. development programs should include migration propensity as a specific variable they measure. The Inter-American Foundation is a leader among U.S. development agencies in making the connections between migration and development in countries of origin. The MCC and USAID could incorporate migration as an evaluation variable in Guatemala, Honduras, El Salvador, and other nations with high levels of unauthorized migration to the United States.

Table 11 **U.S. Foreign Assistance to the Northern Triangle**

	Total U.S. social and economic foreign assistance, 2011[1]	Total per capita foreign assistance, 2009[2]	Major U.S. development initiatives
El Salvador	$97.1 million	$45	Millennium Challenge Corporation; Partnership for Growth
Guatemala	$92.4 million	$27	Feed the Future
Honduras	$54.3 million	$61	Millennium Challenge Corporation; Feed the Future
Latin America	$1.45 billion	$16	-----

Remittance policy framework: Creating alternative options for the use of remittances would be facilitated by the creation of national policy frameworks. U.S. development agencies and Northern Triangle governments can collaborate with immigrants, the development community, and civil society in building these frameworks. MCC's upcoming Threshold Program in Honduras would be a timely vehicle for policy and institutional reforms on remittances. Standard MCC compacts, such as the one being renewed in El Salvador, and the Partnership for Growth are other opportunities to craft remittance policy frameworks. The Latino American Idea (discussed above) is a development program where remittance policy can be showcased.

Productive investment programs: One of the missing pieces in connecting remittances to sustainable development in Central America is training recipients on how they might use their remittances for wealth-generating projects. The Inter-American Foundation is a leader in this regard. U.S. development agencies have the capacity and presence on the ground in the Northern Triangle to support this training. The Feed the Future programs in Guatemala and Honduras operate in rural communities and offer excellent opportunities to include remittances in rural development efforts. Since USAID is already working with multilateral organizations, such as IFAD, that have deep experience with remittances, there is a strong foundation for incorporating the use of remittances in USAID's sustainable rural development strategy in the Northern Triangle.

Repatriation

Support Long-Term Reintegration for Returnees

USAID, IOM, and some Northern Triangle governments are already providing immediate assistance to deportees. To this should be combined with a long-term reintegration program in partnership with the government of the sending country that focuses on job training and placement. The IOM operates these types of programs in other parts of the world. Development organizations such as Catholic Relief Services also have experience working with migration and development and could serve as partners and operators for expanded programs focused on long-term reintegration for deportees.

Immigration Policy Reform

Northern Triangle migrants in the United States are an important resource for the economic survival of their families and communities back home. While reducing unauthorized immigration should be the long-term goal of countries of origin, in the medium-term both the United States and host countries could benefit from immigration reform that includes legal avenues for migration and guest workers in the United States. The DREAM Act, AgJOBS, and broader legalization proposals would all aid immigrants as well as their families in Central America.

Extending Temporary Protective Status

Immigration reform has proven difficult in recent decades and there is no certainty it will occur in the near future, but there are short-term means to ease the burdens for Northern Triangle immigrants. About 217,000 Salvadorans and 66,000 Hondurans are living legally in the United States under the Department of Homeland Security's Temporary Protected Status (TPS) program. TPS provides a safe haven for citizens of foreign countries fleeing potentially dangerous situations. It has been granted to Salvadorans and Hondurans due to a series of natural disasters but is set to expire in 2013. Given the poverty and violence in their home countries—and the lack of programs for long-term reintegration—TPS should be extended for those Northern Triangle groups it currently covers. In lieu of a more extensive legalization, an extension of TPS would allow these groups to continue working and supporting their families.

For more information on Bread for the World Institute's research on migration and development, please contact Senior Immigration Policy Analyst Andrew Wainer at awainer@bread.org or (202) 688-1074.

Endnotes

1 National Oceanic and Atmospheric Association. May 18, 2011. "NOAA and Partners Explore the Hidden World of the Maritime Maya." http://researchmatters.noaa.gov/news/Pages/MayanMariners.aspx

2 Canadian Foundation for the Americas. December 2010. "The Case for the Canada-Panama Free Trade Agreement." http://www.iadb.org/intal/intalcdi/PE/2011/07644.pdf

3 CIA World Factbook. "Central America and Caribbean: Panama." https://www.cia.gov/library/publications/the-world-factbook/geos/pm.html

4 The Northern Triangle refers to Central American nations with the highest levels of unauthorized migration to the United States and some of the highest levels of poverty and inequality in Latin America: El Salvador, Guatemala, and Honduras. These nations and their migrants are the focus of this report. "Northern Triangle" and "Central America" are used interchangeably in this report except when otherwise explicitly stated.

5 Pew Hispanic Center. 2011. "Statistical Portrait of the Foreign-born Population in the United States, 2009." http://www.pewhispanic.org/files/2011/02/2009-FB-Profile-Final.pdf

6 Orozco, Manuel. September 17, 2007. "Central America: remittances and the macroeconomic variable." http://76.12.148.244/PublicationFiles/central%20america%20remittances%20report%20iadbmif.pdf

7 Hoeffer, Michael, et al. 2012.

8 *The Economist*. April 14, 2011. "The drug war hits Central America." http://www.economist.com/node/18560287 Passel, Jeffrey and D'Vera Cohn. September 1, 2010. "U.S. Unauthorized Immigration Flows Are Down Sharply Since Mid-Decade." Pew Hispanic Center. http://www.pewhispanic.org/files/reports/126.pdf

9 Hoeffer, Michael, et al. 2012.

10 Rosenblum, Marc and Kate Brick. August 2011. "U.S. Immigration Policy and Mexican/Central American Migrant Flows: Then and Now." Migration Policy Institute. http://www.migrationpolicy.org/pubs/RMSG-regionalflows.pdf

11 Thomas, Kedron. Winter 2007. "Hurricane Stan and Social Suffering in Guatemala: The Social Course of Natural Disaster." http://www.drclas.harvard.edu/revista/articles/view/912

12 Lange, Jason. October 10, 2005. "Death Count from Hurricane Stan Rises in Mexico, Central America." http://www.catholicnews.com/data/stories/cns/0505719.htm

13 Dartmouth Flood Observatory. "Tropical Storm Stan - Central America and Southern Mexico Landslide Detection Using ASTER in Guatemala and El Salvador." http://www.dartmouth.edu/~floods/2005139Landslide.html

14 Hinshaw, Robert. January 2006. "QUICK RESPONSE REPORT: Hurricane Stan Response in Guatemala." http://www.colorado.edu/hazards/research/qr/qr182/qr182.pdf

15 Ibid.

16 In this report, we use the International Fund for Agriculture Development's (IFAD) definition of remittances as "a private flow of funds between family members. The term is used colloquially to describe transfers of funds from migrants to families or friends in the communities of origin." This can include money transfers, migrant philanthropy, and migrant investment. *The FFR Brief: Five Years of the Financing Facility for Remittances. 2012. Rome: International Fund for Agricultural Development. http://www.ifad.org/remittances/pub/fiveyears.pdf*

17 Multilateral Investment Fund. 2011. "Remittances to Latin America and the Caribbean in 2010: Stabilization after the Crisis." http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35788832. Inter-American Development Bank.

18 El Consejo Monetario Centroamericano. Secretaria Ejecutiva. http://www.secmca.org/. Accessed, March 14, 2012.

19 The World Bank. 2010. "Migration and Remittances Factbook 2011, 2nd Edition." http://siteresources.worldbank.org/INTLAC/Resources/Factbook2011-Ebook.pdf

20 Ibid.

21 Fajnzylber, Pablo and J. Humberto López. 2008. "Remittances and Development: Lessons from Latin America." The World Bank. http://www.oecd.org/dataoecd/39/24/42716118.pdf

22 Ibid.

23 International Fund for Agricultural Development. February 2012. "The FFR Brief: Five Years of the Financing Facility for Remittances." http://www.ifad.org/remittances/pub/fiveyears.pdf

24 Campos-Vásquez, Raymundo and Horacio Sobrazo. April 2012. "The Development and Fiscal Effects of Emigration on Mexico." Migration Policy Institute. http://www.migrationpolicy.org/pubs/RMSG-fiscaleffects-emigration.pdf

25 In this report, "productive investment" is defined as income-generating or job-creating investment in activities like a small business or agricultural production.

26 International Fund for Agricultural Development. February 2012.

27 Ibid. IFAD. February 2006. "Remittances: spreading the benefits." http://www.ifad.org/newsletter/update/2/2.htm

28 Hall, Joan. January 2010. "Ten Years of Innovation in Remittances: Lessons Learned and Models for the Future." Multilateral Investment Fund. Inter-American Development Bank. http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35163520

29 Hoeffer, Michael, et al. 2012. "Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2011." Department of Homeland Security. http://www.dhs.gov/xlibrary/assets/statistics/publications/ois_ill_pe_2011.pdf

30 The World Bank. Data. "Poverty headcount ratio at national poverty line (% of population)." http://data.worldbank.org/indicator/SI.POV.NAHC/countries/SV?display=graph. Accessed December 27, 2011.

The World Bank. Data. "GDP per capita (current US$)." http://data.worldbank.org/indicator/NY.GDP.PCAP.CD. Accessed December 27, 2011.

31 The World Bank. Data. Guatemala. Accessed December 27, 2011. http://data.worldbank.org/country/guatemala

The World Bank. Data. "GDP per capita (current US$)." http://data.worldbank.org/indicator/NY.GDP.PCAP.CD Accessed December 27, 2011.

32 Food and Agriculture Organization of the United Nations. 2011. "The State of Food Insecurity in the World: How does international price volatility affect domestic economies and food security?" Annex Table, pg. 47. http://www.fao.org/docrep/014/i2330e/i2330e.pdf Accessed December 27, 2011.

33 Nybo, Thomas. February 18, 2009. "Fighting Chronic Malnutrition among Impoverished Children in Guatemala." UNICEF. http://www.unicef.org/infobycountry/guatemala_48087.html

Millennium Development Goal Achievement Fund. "Combating Child Malnutrition in Guatemala." http://www.mdgfund.org/country/guatemala/story/CombatingchildmalnutritioninGuatemala

34 United Nations Development Program. 2011. "Human Development Report 2011: Sustainability and Equity: A Better Future for All." http://hdr.undp.org/en/media/HDR_2011_EN_Complete.pdf

35 The World Bank. Data. Guatemala. http://data.worldbank.org/country/guatemala. Accessed December 27, 2011. The World Bank. Data. "GDP per capita (current US$)." http://data.worldbank.org/indicator/NY.GDP.PCAP.CD

36 The World Bank. Doing Business. Economy Rankings. http://www.doingbusiness.org/rankings. Accessed March 12, 2012.

37 Vargas-Lundis, Rosemary (2004). Remittances and Rural Development. International Fund for Agricultural Development. Paper prepared for the Twenty-Seventh Session of IFAD's Governing Council, Rome, 18-19 February 2004.

38 Gammage, Sarah. July 2007. "Country Profile: El Salvador: Despite End to Civil War, Emigration Continues." http://www.migrationinformation.org/Profiles/display.cfm?ID=636

39 Rosenblum, Marc. April 2011. "Obstacles and Opportunities for Regional Cooperation: The U.S.-Mexico Case." Migration Policy Institute. http://www.migrationpolicy.org/pubs/USMexico-cooperation.pdf

40 http://justf.org/All_Grants_Country#econaid. Economic and Social Aid, all programs. Accessed April 9, 2012.

41 The World Bank. Migration and Remit-

tances. http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21121930~menuPK:3145470~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html. Accessed May 29, 2012.

[42] Orozco, Manuel and Eve Hamilton. (2005). *Development and Remittances to Guatemala: Issues, Challenges and Opportunities for U.S. Cooperation.*

[43] The Inter-American Foundation (IAF) is an independent U.S. government agency created in 1969 to channel development assistance directly to the organized poor in Latin America and the Caribbean. The IAF works with grassroots groups and nongovernmental organizations in response to its annual call for proposals. It encourages partnerships among community organizations, businesses, and local government directed at improving the quality of life for poor people and strengthening democratic practices.

[44] Office of Innovation and Development Alliances. "Diaspora Engagement: Beyond Remittances." http://idea.usaid.gov/gp/diaspora/diaspora-engagement-beyond-remittances. Accessed March 15, 2012.

[45] African Diaspora Marketplace. About ADM. http://www.diasporamarketplace.org/about-adm. Accessed May 3, 2012.

[46] Passel, Jeffery and D'Vera Cohen. January 9, 2012. "U.S. Foreign-Born Population: How Much Change from 2009 to 2010?" http://www.pewhispanic.org/files/2012/01/Foreign-Born-Population.pdf

[47] The Brookings Institution. September 29, 2011. "The Future of Central America: Challenges and Opportunities of Migration and Remittances." http://www.brookings.edu/~/media/Files/events/2011/0929_central_america/20110929_central_america.pdf

[48] http://noapparentmotive.org/papers/Gammage_Exporting_People.pdf

[49] Orozco, Manuel and Mariellen Malloy Jewers. 2011. "Trends and Policy Issues Affecting Mexico and Central America. Briefing Paper prepared for Security and Migration in Mexico and Central America, July 14, 2011.

[50] Gammage, Sarah. May 2005. "Exporting People and Recruiting Remittances: A Development Strategy for El Salvador." http://noapparentmotive.org/papers/Gammage_Exporting_People.pdf

[51] Ledwith, Tim. December 11, 2009. "Salvadoran floods test resilience of families and effectiveness of humanitarian aid." UNICEF. http://www.unicef.org/infobycountry/elsalvador_52082.html

[52] The World Bank. Data. El Salvador. http://data.worldbank.org/country/el-salvador

[53] Orozco, Manuel and Katherine Scaife Diaz. 2011. "Partnerships at Work: Western Union's 4x1 Experience in Mexico." Washington, DC: Inter-American Dialogue.

[54] Ibid.

[55] U.S. Department of State. "Unleashing Ideas." http://www.laidea.us/

Inter-American Development Bank. November 14, 2011. "IDB, partners establish new competition for Hispanic entrepreneurs in the U.S." http://www.iadb.org/en/news/news-releases/2011-11-14/idb-partners-establish-la-idea-competition,9681.html

[56] Office of Immigration Statistics. August 2011. "2010 Yearbook of Immigration Statistics. Department of Homeland Security. http://www.dhs.gov/xlibrary/assets/statistics/yearbook/2010/ois_yb_2010.pdf

[57] Orozco, Manuel. May 2012. "Future Trends in Remittances to Latin America and the Caribbean." The Inter-American Dialogue.

[58] The terms "deport" and "remove" are used interchangeably in this report.

[59] U.S. Immigration and Customs Enforcement. October 18, 2011. "FY 2011: ICE announces year-end removal numbers, highlights focus on key priorities including threats to public safety and national security." http://www.ice.gov/news/releases/1110/111018washingtondc.htm. Accessed December 28, 2011.

[60] López, Mark Hugo, et al. December 28, 2011. "As Deportations Rise to Record Levels, Most Latinos Oppose Obama's Policy." Pew Hispanic Center. http://www.pewhispanic.org/files/2011/12/Deportations-and-Latinos.pdf

Seelke, Clare Ribando. January 3, 2011. "Gangs in Central America." Congressional Research Service. http://www.fas.org/sgp/crs/row/RL34112.pdf

[61] López, Mark Hugo, et al. December 28, 2011.

[62] McCombs, Brady. October 27, 2011. "Most deported illegal immigrants from 4 Latin American countries." Arizona Daily Star. http://azstarnet.com/news/local/border/most-deported-illegal-immigrants-from-latin-american-countries/article_2943c31c-00d0-11e1-aca9-001cc4c03286.html#ixzz1uPExYJQH

[63] Secretaria de Gobernación. Instituto Nacional de Migracion. Boletín Estadístico. http://www.inm.gob.mx/index.php/page/Boletin_Estadistico_2011

[64] International Organization for Migration. March 6, 2011. "IOM Helps Guatemalan Migrants Returned from U.S. and Mexico." http://www.iom.int/jahia/Jahia/media/press-briefing-notes/pbnAM/cache/offonce?entryId=29748

[65] Shifter, Michael. April 2012. "Countering Criminal Violence in Central America." Council on Foreign Relations.

[66] Committee on the Judiciary, House of Representatives. January 26, 2011. "ICE WORKSITE ENFORCEMENT–UP TO THE JOB?" http://judiciary.house.gov/hearings/printers/112th/112-2_63875.pdf

[67] U.S. Department of State. November 29, 2011. "Partnership for Growth." http://www.state.gov/r/pa/prs/ps/2011/11/177887.htm

Table 1

[1] Brick, Kate, et al. June 2011. "Mexican and Central American Immigrants in the United States." Migration Policy Institute. http://www.migrationpolicy.org/pubs/MexCentAmimmigrants.pdf

Table 2

[1] Pew Hispanic Center. May 26, 2011. "Hispanics of Honduran Origin in the United States, 2009." http://pewhispanic.org/files/factsheets/78.pdf; Dockterman, Daniel. May 26, 2011. "Hispanics of Salvadoran Origin in the United States, 2009." http://www.pewhispanic.org/2011/05/26/hispanics-of-salvadoran-origin-in-the-united-states-2009/; Dockterman, Daniel. May 26, 2011. "Hispanics of Guatemalan Origin in the United States, 2009." http://www.pewhispanic.org/2011/05/26/hispanics-of-guatemalan-origin-in-the-united-states-2009/

[2] Dockterman, Daniel. May 26, 2011.

[3] Dockterman, Daniel. May 26, 2011; U.S. Census Bureau. April 20, 2010. "Census Bureau Reports Nearly 6 in 10 Advanced Degree Holders Age 25-29 Are Women." http://www.census.gov/newsroom/releases/archives/education/cb10-55.html

Table 3

[1] Hoeffer, Michael, et al. 2012. "Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2011." Department of Homeland Security. http://www.dhs.gov/xlibrary/assets/statistics/publications/ois_ill_pe_2011.pdf

[2] Brick, Kate, et al. June 2011. "Mexican and Central American Immigrants in the United States." Migration Policy Institute. http://www.migrationpolicy.org/pubs/MexCentAmimmigrants.pdf

[3] Hoeffer, Michael, et al. 2012.

[4] Ibid.

Table 4

[1] The World Bank: Migration & Remittances. Annual Remittance Data Inflows. http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:22759429~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html

[2] Economic Commission for Latin America and the Caribbean. 2011. "Foreign Direct Investment in Latin America and the Caribbean." http://www.eclac.org/publicaciones/xml/0/43290/2011-138-LIEI_2010-WEB_INGLES.pdf

[3] Organization for Economic Co-operation and Development (OECD). Development Co-operation Directorate (DCD-DAC) http://www.oecd.org/countrylist/0,3349,en_2649_34447_25602317_1_1_1_1,00.html.

[4] World Bank. 2011. "Migration and Remittances Factbook 2011." http://siteresources.worldbank.org/INTLAC/Resources/Factbook2011-Ebook.pdf

[5] United Nations Development Programme. Human Development Report 2009. "International financial flows: remittances, official development assistance and foreign direct investment." http://www.undp.org.tr/publicationsDocuments/E%20International%20financial%20flows%20remittances,%20official%20development.pdf

[6] Ibid.

Table 5

[1] Data for 2010. Orozco, Manuel and Mariellen Mallory Jewers. July 2011. "Trends and Policy Issues Affecting Mexico and Central America."

[2] Data for 2004. Gammage, Sarah. July 2007. "El Salvador: Despite End to Civil War, Emigration Continues." http://www.migrationinformation.org/Profiles/display.cfm?ID=636

[3] Data for 2004. Includes the categories "agricultural inputs" and "savings." Ibid.

[4] Data for 2004. Consumption includes goods such as food, utilities, clothing, etc. Ibid.

[5] Data for 2008; includes percentage of total population. Center for Latin American Monetary Studies. World Bank. 2010. "Program for Application of General Principles for Latin American and Caribbean Remittance Markets." http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35434997

[6] Data for 2010. Includes the category "Start a business." UNICEF and IOM. March 2011. "Encuesta sobre remesas 2010: Protección de la Niñez y Adolescencia.

[7] Data for 2010. Includes food, clothing, transportation, home appliances, etc. UNICEF and IOM. March 2011.

[8] Data for 2008. Orozco, Manuel. June 2008. "Sinopsis de los resultados de la última encuesta sobre remesas y migración realizada en Junio 2008." http://www.thedialogue.org/PublicationFiles/Encuesta%20de%20Remesas%20a%20Honduras%202008_08.pdf

[9] Data for 2011. Includes the categories "savings" and "investment." Banco Central de Honduras. January 2012. "Encuesta Semestral de "Remesas Familiares enviadas por hondureños residentes en el exterior y gastos efectuados en el país durante sus visitas." http://www.bch.hn/download/remesas_familiares/remesas_familiares_012012.pdf

[10] Data for 2011. Includes food, transport, clothing and other basic necessities. Ibid.

Table 6

[1] The World Bank. Data, GDP Growth (Annual %). http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG

[2] The World Bank. Data. Per Capita GDP (Current US$). http://data.worldbank.org/indicator/NY.GDP.PCAP.CD

[3] Rounded to the nearest percent. Guatemala poverty data from 2006. The World Bank. Data. Poverty headcount ratio at national poverty line (% of population). http://data.worldbank.org/country/el-salvador. Source for U.S. poverty rate: U.S. Bureau of the Census. September 13, 2011. "Income, Poverty and Health Insurance Coverage in the United States: 2010." http://www.census.gov/newsroom/releases/archives/income_wealth/cb11-157.html

[4] United Nations Development Programme. Country Profiles and International Human Development Indicators. http://hdr.undp.org/en/data/map/

Table 7

[1] The World Bank. Data. Population, total. http://data.worldbank.org/indicator/SP.POP.TOTL

[2] United Nations Development Programme. International Human Development Indicators. Public Data Explorer. http://hdr.undp.org/en/data/explorer/

[3] United Nations Office on Drugs and Crime. Global Study on Homicide, 2011. http://www.unodc.org/documents/data-and-analysis/statistics/Homicide/Globa_study_on_homicide_2011_web.pdf

Table 8

[1] McCombs, Brady. October 27, 2011. "Most deported illegal immigrants from 4 Latin American countries." Arizona Daily Star. http://azstarnet.com/news/local/border/most-deported-illegal-immigrants-from-latin-american-countries/article_2943c31c-00d0-11e1-aca9-001cc4c03286.html#ixzz1tXW4DTGn

[2] McCombs, Brady. October 27, 2011.

[3] Secretaria de Gobernación. Instituto Nacional de Migracion. "BOLETÍN MENSUAL DE ESTADÍSTICAS MIGRATORIAS 2011. III. EXTRANJEROS ALOJADOS Y DEVUELTOS. Cuadro 3.2.5. http://www.inm.gob.mx/index.php/page/Extranjeros_Alojados_y_Devueltos_01

Table 9

[1] Secretaria de Gobernación. Instituto Nacional de Migracion. "BOLETÍN MENSUAL DE ESTADÍSTICAS MIGRATORIAS III. EXTRANJEROS ALOJADOS Y DEVUELTOS. Cuadro 3.2.1. "Eventos de extranjeros devueltos por la autoridad migratoria mexicana, según continente y país de nacionalidad." http://www.inm.gob.mx/index.php/page/Extranjeros_Alojados_y_Devueltos_01. Excel sheets for years 2008-2011.

[2] Department of Homeland Security, Office of Immigration Statistics. August 2011. "2010 Yearbook of Immigration Statistics." http://www.dhs.gov/xlibrary/assets/statistics/yearbook/2010/ois_yb_2010.pdf

[3] McCombs, Brady. October 27, 2011. "Most deported illegal immigrants from 4 Latin American countries." Arizona Daily Star. http://azstarnet.com/news/local/border/most-deported-illegal-immigrants-from-latin-american-countries/article_2943c31c-00d0-11e1-aca9-001cc4c03286.html#ixzz1tXW4DTGn

Table 10

[1] Seelke, Clare Ribando. January 2012. "Gangs in Central America." Congressional Research Service. http://www.fas.org/sgp/crs/row/RL34112.pdf

Table 11

[1] Washington Office on Latin America. "Just the Facts: A Civilian's Guide to Defense and Security Assistance in Latin America and the Caribbean." Economic and Social Aid, All Programs, Entire Region, 2008-2013. http://justf.org/All_Grants_Country

[2] World Bank. Data. Net ODA Received Per Capita (current US $). http://data.worldbank.org/indicator/DT.ODA.ODAT.PC.ZS

breadfortheworld
INSTITUTE

President, David Beckmann | Director, Asma Lateef

425 3rd Street SW, Suite 1200, Washington, DC 20024
Tel 202.639.9400 Fax 202.639.9401
institute@bread.org www.bread.org/Institute